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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 002494

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SUBJECT: PRC/IRAN: CHINA IN WAIT-AND-SEE MODE BILATERALLY
BUT PUSHING FOR DIALOGUE

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b/d).

¶1. (C) SUMMARY: China is biding its time until the political crisis in Iran reaches a clearer resolution and the Ahmadinejad government consolidates power, and will signal its renewed engagement by sending a high-level delegation to Tehran once the political situation has been resolved, according to an MFA official. Our contact reaffirmed China's commitment to the P5-plus-1 process and assessed that Iran is attempting to keep the door to negotiation with the United States open despite the turmoil surrounding the June election, but cautioned that a complete halt to uranium enrichment is an unattainable goal. China continues to urge Iran to respond positively to the P5-plus-1 offer for talks, and these entreaties have been passed directly to Supreme Leader Khamenei. Iran reportedly requested to upgrade its relationship with Beijing to a "strategic partnership," but China refused. A Communist Party official told us that the CCP is seeking to increase its relations with six major political parties and factions in Iran and deepen its understanding of U.S. policy in the Middle East. He repeated China's standard position on the Iran nuclear issue and suggested that the U.S. offer economic incentives to persuade the Iranians to enter into talks on the nuclear issue. He dismissed concerns that negative perceptions in the Middle East of China after the July violence in Xinjiang province would affect China's diplomacy with Iran. END SUMMARY.

¶2. (C) PolOff discussed Iran-China relations with MFA West Asian Affairs Department Iran Division Deputy Director Ni Ruchi August 31. In a separate meeting the same day, Chinese Communist Party (CCP) Central Committee International Liaison Department (CCID) Third Bureau (West Asia and North Africa) Director Wu Baocai gave PolOff the Party's perspective on Iran and the nuclear issue.

Holding Back Bilaterally until Political Dust Settles

¶3. (C) MFA Iran Division Deputy Director Ni said that the political turmoil in Iran had yet to settle and that China was still waiting for the situation to calm further before re-engaging fully in bilateral relations. He argued that the internal divisions that had played out in the June presidential elections had existed well before the violent aftermath of the June election. China had been aware of the potential for conflict among those divisions to spill into the street and had taken a cautious approach before the election. He said that the Chinese government understood that the election was a strong indication of deep-seated divisions within the Iranian government, but stressed that the contested election had not fundamentally undermined the current government and that China would continue with its normal engagement with Tehran.

¶4. (C) China would signal its re-engagement, Ni reported, with a high-level delegation to Tehran, but there was no

timetable for such a visit yet because the leadership in Tehran was still fully focused on consolidating power. He noted that during his mid-August visit to Iran, protestors had continued to take to the streets to express dissatisfaction with the election. Ni reaffirmed China's commitment to the P5-plus-1 process, stressing that the U.S. and China not only had common interests in Iran, but the scope of this common interest was increasing.

Iran Keeping the Door Open?

15. (C) Ni said that China had taken note of efforts by the Iranian government to keep a path open to direct negotiations despite the ongoing political turmoil. He claimed that Tehran had refrained from overplaying its accusations of the U.S. role in the election turmoil, preferring to point the finger at European countries, indicating that the Iranian leadership was interested in maintaining the possibility of direct talks. Ni said that the election had caused the Iranian leadership to reexamine seriously its foreign policy, particularly on the nuclear issue, adding that Iran's nuclear development had suffered technical setbacks recently, which had also forced the leadership to consider how to move forward.

China Lobbying but Total Halt to Enrichment Unattainable

16. (C) Ni reported that China continued to urge Iran at every level of their engagement to respond positively to the P53-plus-1 offer of direct talks and cease uranium enrichment

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activities. He said that Chinese leaders had pointed out to their Iranian counterparts on many occasions that the United States had shown "restraint" in its public comments during the June election aftermath, and that Iran was missing an important opportunity by refusing to respond to the P5-plus-1 offer. Ni said that China's message encouraging greater engagement had been passed directly to Supreme Leader Khamenei. He cautioned that Tehran would not be able to respond positively to P5-plus-1 overtures until it had reinforced its position at home, and that a "100-percent" halt to uranium enrichment had become an unattainable goal. Ni said that China continued to believe that fresh sanctions would be ineffective in persuading Iran to cease enrichment activities and would be counter-productive by increasing the unity of the various factions in Iran behind the nuclear program and the current government. Ni argued that the regime in Iran would emerge from the crisis in a weakened position and thus more likely to negotiate with the P5-plus-1 on the nuclear issue.

Iran Seeks "Strategic Partnership" with an Unwilling PRC

17. (C) Ni said that Iran had requested that Beijing upgrade its relationship with Tehran, presumably to counter Western pressure, by lobbying Beijing to label its relationship with Iran a "strategic partnership" as it does for Russia and other countries. Ni said that China had so far refused to do so and Iran was frustrated with China's continuing insistence that the two countries shared merely "normal" relations.

Party Seeks to Increase its Interaction with Iran

18. (C) CCP Central Committee International Liaison Department (CCID) Third Bureau (West Asia and North Africa) Director Wu Baocai told PolOff August 31 that the CCP was seeking to increase its relations with six major political parties and factions in Iran. He noted that links between the CCP and Iranian political parties had lagged behind the growth in relations between executive branches and far behind the increase in economic links. He said that deepening

understanding among the CCP leadership of the U.S. position on Iran was another emerging priority for his office and that he was open to continued exchanges with the U.S. on the nuclear issue.

CCP Perspective on Iran Nuclear Program

¶9. (C) Wu said that CCP officials were increasingly concerned through 2008 at the possibility of the United States taking military action against Iran's nuclear program but assessed that such a possibility was much lower in 2009. He noted that sanctions had not only failed to change Iranian behavior and create meaningful effects in Iran but were negatively affecting the countries joining in the international effort to persuade Iran to stop its nuclear activities, citing as an example constraints placed on Chinese banks from doing business with Iran. He said that he believed the international community was unlikely to be able to persuade Iran to fully abandon its enrichment activities and suggested the U.S. offer modest economic benefits as an incentive to persuade Iran to enter into dialogue. Wu reiterated China's strong opposition to Iran using its nuclear technology to develop nuclear weapons but stressed the right of all countries to nuclear technology for peaceful purposes.

Iran Relations Unaffected by Xinjiang Violence

¶10. (C) Wu dismissed concerns that dismay in Iran and other parts of the Middle East over China's treatment of ethnic Uighurs in Xinjiang province would complicate China's diplomacy with Iran. While acknowledging that some high-level religious leaders in Iran had been highly critical of China in the wake of the July violence in Xinjiang, he said that Beijing was seeking to counter the danger of China becoming a target for anger in the Muslim world by significantly increasing its media outreach in the Middle East, citing the recent establishment of an Arabic-language version of government-run CCTV.

HUNTSMAN